

Message Text

PAGE 01 STATE 214629

44

ORIGIN INT-08

INFO OCT-01 NEA-10 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 EA-11 EUR-25 FRB-02 INR-10 IO-14 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

SCEM-02 SCI-06 DODE-00 PM-07 H-03 L-03 NSC-10 PA-04

PRS-01 SS-20 USIA-15 ACDA-19 OIC-04 STR-08 /242 R

DRAFTED BY INTERIOR - MR. ROBERT EBEL

APPROVED BY EB/ORF/FSE - MR. BENNSKY

DESIRED DISTRIBUTION

INTERIOR, NSC

----- 001237

R 312039Z OCT 73

FM SECSTATE WASHDC

TO ALL OECD CAPITALS

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY KUWAIT

C O N F I D E N T I A L STATE 214629

E.O. 11652 GDS--DECLAS. DEC. 31, 1979

TAGS: ENRG

SUBJ:EXTRAORDINARY MEETING OF OECD OIL COMMITTEE,

OCT 25-26, 1973

REF: OECD PARIS 27835

1. SUMMARY. OIL COMMITTEE FELL IN STEP WITH CONSENSUS
ITS HIGH LEVEL GROUP (HLG) AGREEING THAT EMBARGOES AND
PRODUCTION CUTS POSED SERIOUS THREAT TO ECONOMIES IF
SUPPLY SHORTFALLS CONTINUED FOR MORE THAN BRIEF PERIOD.
NEVERTHELESS, NEED FOR REACTIVATION OF INTERNATIONAL
INDUSTRY ADVISORY BODY (IIAB) NOT CONSIDERED IMMEDIATE
AT THIS TIME, REFLECTING CONCERN FOR IMPACT SUCH
FORMAL ACTION MIGHT HAVE ON ARABS AND OF EUROPEAN
CONFIDENTIAL

PAGE 02 STATE 214629

PUBLIC. DELS AGREED THAT APPROACHES TO EXPRESS CONCERN
OVER RECENT SUBSTANTIAL INCREASES IN PRICES AND THE
BREACHING OF THE TEHRAN AGREEMENT BE ON BILATERAL
BASIS. DELS ALSO AGREED TO BEGIN REPORTING ON OIL

STOCKS ON A MONTHLY BASIS. THERE WAS SOME CONTROVERSY OVER A LEAK TO THE PRESS AND OVER THE PRESS STATEMENT TO BE ISSUED AT END MEETING. NEXT MEETING OF OIL COMMITTEE SET FOR 20-21 NOVEMBER.

2. THE OIL COMMITTEE MET IN EXTRAORDINARY SESSION 25-26 OCTOBER TO REVIEW (A) CURRENT OIL SUPPLY SITUATION, (B) RECENT UNILATERAL PRICE INCREASES BY GULF PRODUCERS AND (C) POSSIBILITY OF REACTIVATION IIAB.

3. US DEL (BENNSKY) REPEATED STATEMENT ON OIL SUPPLY SITUATION MADE TO HLG. OTHER DELS FOLLOWED WITH SURVEY THEIR OWN SUPPLY STATUS. ITALY, WHERE SOME 30 PERCENT OF SUPPLY IN DOUBT, WAS BY FAR IN WORST POSITION. DUTCH WERE CONCERNED ABOUT IMPACT OF EMBARGO ON OIL DELIVERIES TO ROTTERDAM (ABOUT 350,000 B/D), ESPECIALLY FOR OTHER EUROPEAN COUNTRIES WHO DRAW UPON THAT SOURCE. A NUMBER OF MEMBER COUNTRIES (BELGIUM, THE UK, ITALY, AND LUXEMBOURG) HAVE INSTITUTED EXPORT LICENSING PROGRAMS DESIGNED ULTIMATELY TO PROTECT DOMESTIC MARKETS. FRANCE CONTINUED TO PLAY DOWN ITS CONCERN OVER OIL SUPPLY AVAILABILITY, AS IT HAD AT THE HLG, WHILE JAPAN URGED THE AVOIDANCE OF RASH MEASURES ON PART OF THE OECD. WEST GERMANY, THE UK AND SWITZERLAND IN PARTICULAR EMPHASIZED THE NEED FOR THE EUROPEAN-MEMBER COUNTRIES TO CONTINUE TO HONOR HISTORIC TRADE PATTERNS TO THE EXTENT POSSIBLE, WHILE EUROPEAN PRODUCT EXPORTERS EXPLAINED THAT THEIR CUSTOMERS SHOULD EXPECT TO SHARE IN THE BURDEN OF LOST SUPPLIES.

4. DURING DISCUSSION OIL SUPPLY, INFORMATION DEVELOPED THAT THE USSR MAY BE DIVERTING OIL FROM ITS WEST EUROPEAN CUSTOMERS TO CONSUMERS IN EASTERN EUROPE, AS THE LATTER NOW CUT OFF FROM MIDDLE EAST OIL DUE TO E. MED. PIPELINE AND PORT CLOSURES. ITALY STATED THAT ITS NORMAL OIL FLOW FROM USSR HAD BEEN CUT IN HALF.
CONFIDENTIAL

PAGE 03 STATE 214629

FINLAND OBSERVED, IN CAREFUL WORDING, THAT IT DID NOT EXPECT THEIR SOVIET OIL SUPPLIES TO BE ENTIRELY UNAFFECTED.

5. THERE WAS CONSIDERABLY RELUCTANCE ON PART OF DELS TO ENGAGE IN PRICE DISCUSSION, TO EXTENT THAT THE CHAIR (WANSINK, NETHERLANDS) FELT OBLIGED TO OBSERVE THAT, GIVEN SUCH LITTLE REACTION ON PART CONSUMERS, IF HE WERE YAMANI, HE WOULD RAISE PRICES ANOTHER 100 PERCENT. WEST GERMANY (LANTZKE) OPINED THAT INDIVIDUAL GOVERNMENTS SHOULD MAKE UP THEIR MINDS ON PRICES, THAT THE PRESENT TIME MIGHT NOT BE APPROPRIATE FOR SUBSTANTIVE DISCUSSIONS WITHIN THE OIL COMMITTEE.

CHAIR COUNTERED THAT THE OIL COMMITTEE SHOULD AT LEAST INDICATE ITS CONCERN, IF NOTHING MORE. AN AGREEMENT (TEHRAN) HAD BEEN BREACHED, HE CONTINUED, SEARCHING FOR REACTION FROM THE TABLE. UK (SPAIN) THEN PROPOSED THAT CONSUMER GOVERNMENTS APPROACH THE PRODUCERS ON A BILATERAL BASIS, MOVING IN SUCH A WAY, HOWEVER, AS TO AVOID AURA OF CONFRONTATION. THIS PROPOSAL WAS ACCEPTED.

6. ISSUE OF REACTIVATION OF IIAB SUMMARILY DEALT WITH BY THE CHAIR AND MUST HAVE LEFT A NUMBER OF DELS AT THE STARTING GATE. CHAIR OPENED UP AGENDA ITEM BY CALLING ON THE EC (BRONDEL) TO SUMMARIZE PROPOSALS SPAAK HAD PUT FORWARD EARLIER AT THE HLG: (A) AUTHORIZE CHAIR TO REQUEST IIAB TO BE ON ALERT FOR POSSIBLE FUTURE ACTIVATION; AND (B) TO CALL UPON MOST IMPORTANT OECD SUPPLIER COMPANIES TO ASSEMBLE AND INFORM HIM PERIODICALLY OF SUPPLY SITUATION. CHAIR, FOLLOWING EC SUMMARY, INTERVENED BY STATING THAT PROPOSALS WERE ACCEPTED. ALMOST COMPLETE ABSENCE OF DISCUSSION BY THE OIL COMMITTEE OF REACTIVATION OF IIAB MAKES IT DOUBTFUL WHETHER ALL NON-HLG MEMBERS ACTUALLY UNDERSTOOD WHAT HAD HAPPENED. CHAIR PROVIDED NO SUMMARY OF THE HLG REVIEW OF THIS ISSUE, ALTHOUGH ONE DEL HAD SPECIFICALLY REQUESTED SUCH. DELS WERE INVITED TO RECONSIDER IIAB MEMBERSHIP IN VIEW OF THE ROLE IT WOULD PLAY IN OIL APPORTIONMENT. ONLY THOSE COMPANIES ENGAGED

CONFIDENTIAL

PAGE 04 STATE 214629

IN WORLD-WIDE SUPPLY ACTIVITIES SHOULD BE CONSIDERED FOR MEMBERSHIP.

7. CHAIR OPENED UP 26 OCTOBER SESSION BY DRAWING DELS ATTENTION TO REUTERS DISPATCH OF THAT MORNING (MOST DELS HAD COPY IN HAND) WHICH STATED ERRONEOUSLY THAT US AND FRANCE HAD CLASHED AT HLG PREVIOUS DAY OVER ISSUE IIAB REACTIVATION. DISPATCH STATED THAT US HAD PROPOSED ACTIVATION IIAB (WHICH IT HAD NOT), WHICH DREW STRONG OPPOSITION FROM FRANCE. BELGIAN DEL WONDERED HOW SUCH DETAILS COULD HAVE GOTTEN IN HANDS PRESS, GIVEN HLG RULES ON CONFIDENTIALITY. US DEL (BENNSKY) FOLLOWED WITH INTERVENTION EXPRESSING DISPLEASURE AT NEWS LEAK AND TAKING STRONG EXCEPTION TO INACCURACIES IN TEXT. HE SAID US HAD LEFT INITIATIVE REACTIVATION IIAB TO EUROPEANS AND HAD LIMITED ITS RESPONSES TO MATTER OF US COMPANY PARTICIPATION UNDER ANTITRUST LAWS. BENNSKY ASKED THAT ERROR BE RECTIFIED IN ANY PRESS STATEMENT THAT MIGHT BE MADE AT CONCLUSION OIL COMMITTEE MEETING. JAPAN SUPPORTED THIS REQUEST; FRANCE DEPLORED UNFORTUNATE AND INACCURATE LEAK BUT QUESTIONED UTILITY OF COMMENTING FURTHER PUBLICLY ON MATTER, ON GROUNDS SUCH

COMMENTS MIGHT LEAD TO MORE CONFUSION AND SPECULATION.

8. OIL COMMITTEE SPEND INORDINATE AMOUNT OF TIME TRYING TO DECIDE AMONGST THEMSELVES WHO WOULD MEET WITH PRESS AND WHAT WOULD BE SAID FOLLOWING CONCLUSION MEETING. UK PROPOSED THAT DEP SEC GEN ELDIN MEET WITH PRESS IN PLACE WANSINK. ELDIN PROTESTED THAT

ASSIGNMENT LOGICALLY SHOULD FALL TO THE CHAIR, BUT EVENTUALLY HE AGREED TO DO SO. THE GUIDELINES PROVIDED TO ELDIN FOR HIS PRESS MEETING WERE QUITE WEAK AND AGREED LANGUAGE REFLECTED DESIRE ON PART OF MAJORITY TO PLAY DOWN CRISIS ATMOSPHERE AND ANY INDICATION CONTROVERSY. WANSINK'S DESIRE HAVE SENTENCE IN STATEMENT EXPRESSING HOPE FOR AGREEMENT ON OECD-WIDE EMERGENCY OIL SHARING SCHEME BY END THIS YEAR SUCCESSFULLY OBJECTED TO BY AUSTRALIA AND CANADA, SUPPORTED BY US AND UK, ON GROUNDS IT MORE REALISTIC LEAVE
CONFIDENTIAL

PAGE 05 STATE 214629

TIMING IMPRECISE.

9. OTHER MATTERS.

(A) MEMBERS AGREED TO BEGIN REPORTING ON OIL STOCKS ON A MONTHLY BASIS, AS HAS BEEN THE COURSE TAKEN IN THE PAST WHEN NORMAL OIL FLOWS HAVE BEEN DISRUPTED. STOCK REPORTING AS OF 1 OCTOBER WAS ASKED FOR IMMEDIATELY AND STOCK DATA AS OF 1 NOVEMBER WAS REQUESTED BY 15 NOVEMBER.

(B) A POLL OF ALL DELEGATES ON NATIONAL MEASURES TO RESTRICT CONSUMPTION PRODUCED CONSIDERABLE GENERAL INFORMATION OF THINKING AND PLANNING, INCLUDING INDICATIONS OF STEPS TAKEN TO PLACE OIL EXPORTS UNDER LICENSING AND THAT REGULATORY POWERS WERE AVAILABLE SHOULD CONTROLS ON CONSUMPTION BECOME NECESSARY.

(C) NEXT MEETING OF OIL COMMITTEE OF 20-21 NOVEMBER REAFFIRMED. KISSINGER

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, COMMITTEE MEETINGS, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE214629
Document Source: ADS
Document Unique ID: 00
Drafter: INTERIOR - MR. ROBERT EBEL
Enclosure: n/a
Executive Order: 11652 GDS--DECLAS. DEC. 31, 1979
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731066/abqcejji.tel
Line Count: 207
Locator: TEXT ON-LINE
Office: ORIGIN INT
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: OECD PARIS 27835
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 19 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Sep-2001 by smithrj>; APPROVED <07 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXTRAORDINARY MEETING OF OECD OIL COMMITTEE, OCT 25-26, 1973
TAGS: ENRG
To: ALL OECD CAPITALS
JIDDA
TEHRAN
KUWAIT
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005